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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte GLENN LEON POWELL, JOHN F. SHEETS,
BRUCE RUTHERFORD, GREGORY WILLIAMSON, and
JAMES ANDERSON

Appeal 2020-003182
Application 14/514,290
Technology Center 3600

Before JAMES R. HUGHES, JOHN A. EVANS, and
LARRY J. HUME, *Administrative Patent Judges*.

HUME, *Administrative Patent Judge*.

DECISION ON APPEAL

Pursuant to 35 U.S.C. § 134(a), Appellant¹ appeals from the Examiner's decision rejecting claims 1, 3, 7–11, 13, and 16–19, which are all claims pending in the application. Appellant has canceled claims 2, 4–6, 12, 14, 15, and 20. *See* Appeal Br. 21–25 (Claims App.). We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE.

¹ We use the term “Appellant” to refer to “applicant” as defined in 37 C.F.R. § 1.42. Appellant identifies the real parties in interest as Visa International Service Association and Mastercard International Incorporated. Appeal Br. 2.

STATEMENT OF THE CASE²

The claims are directed to a network token system. *See* Spec. (Title). In particular, Appellant’s disclosed embodiments and claimed invention relate to “methods, apparatuses, computer readable media and systems for providing, along with a token, a token assurance level and data used to generate the token assurance level.” Spec. 72 (Abstract).

Exemplary Claims

Claim 1, reproduced below, is illustrative of the subject matter on Appeal (*italics* added to dispositive prior-art limitation, and underlining added to contested written description limitations):

1. A method comprising:
 - receiving, by a computer, a token generation message requesting a payment token corresponding to a primary account number from a token requestor;
 - determining, by the computer, an identification and verification process verifying the token requestor;
 - performing, by the computer, the identification and verification process on the token requestor;
 - determining, by the computer, a payment token corresponding to the primary account number;
 - identifying, by the computer, a confidence level for a binding between the token and the primary account number based on the identification and verification process;

² Our decision relies upon Appellant’s Appeal Brief (“Appeal Br.,” filed Oct. 15, 2019); Reply Brief (“Reply Br.,” filed Mar. 24, 2020); Examiner’s Answer (“Ans.,” mailed Jan 24, 2020); Final Office Action (“Final Act.,” mailed May 10, 2019); and the original Specification (“Spec.,” filed Oct. 14, 2014) (claiming benefit of US 61/890,162, filed Oct. 11, 2013 and US 61/906,377, filed Nov. 19, 2013).

assigning, by the computer, a token assurance level representing the confidence level to the payment token based on the identification and verification process verifying the token requestor;

storing the payment token, by the computer, the token assurance level and the primary account number corresponding to the payment token at a repository;

transmitting, by the computer, the payment token to the token requestor;

receiving, by the computer after transmitting the payment token to the token requestor, the payment token corresponding to the primary account number in an authorization request message associated with a transaction;

retrieving, by the computer, the token assurance level corresponding to the token and data used during generation of the token assurance level from the repository, wherein the data used during generation of the token assurance level includes one or more of a type of the identification and verification process performed to verify the token requestor, data used in performing the identification and verification process, and a result of the identification and verification process;

modifying, by the computer, the authorization request message to include the token assurance level and the data used during generation of the token assurance level;

transmitting, by the computer, the modified authorization request message to an issuer computer of an account corresponding to the primary account number, the issuer computer authorizes the transaction at least based upon the confidence level value identified by the token assurance level; and

receiving, by the computer, an authorization response from the issuer computer.

REFERENCES

The prior art relied upon by the Examiner as evidence is:

Name	Reference	Date
Flitcroft et al. (“Flitcroft”)	US 2003/0028481 A1	Feb. 6, 2003
Carlson et al. (“Carlson”)	US 2012/0259784 A1	Oct. 11, 2012

REJECTIONS

R1. Claims 1, 3, 7–11, 13, and 16–19 stand rejected under 35 U.S.C. § 101 because the claimed invention is directed to an abstract idea without significantly more. Final Act. 6; Ans. 3.

R2. Claims 1, 3, 7–11, 13, and 16–19³ stand rejected under 35 U.S.C. § 112(a) as lacking written description support. Final Act. 10; Ans. 3.

R3. Claims 1, 3, 7–11, 13, and 16–19⁴ stand rejected under 35 U.S.C. § 103 as being unpatentable over the combination of Flitcroft and Carlson. Final Act. 13; Ans. 3.

ISSUES AND ANALYSIS

We agree with particular arguments made by Appellant with respect to Rejections R1 through R3 of claims 1, 3, 7–11, 13, and 16–19, and

³ We note an apparent typographical error in Rejection R2 which omits claim 13 in the explicit statement of the rejection, but includes claim 13 in the detailed rejection. *Compare* Final Act. 10 *with* Final Act. 12.

⁴ We note an apparent typographical error in Rejection R3 that includes claim 15, which has been canceled. *See* Ans. 3.

therefore reverse the Examiner’s rejections, as discussed below with respect to illustrative claim 1.

1. § 101 Rejection R1 of Claims 1, 3, 7–11, 13, and 16–19

Issue 1

Appellant argues (Appeal Br. 7–12; Reply Br. 2–7) the Examiner’s rejection of claim 1 under 35 U.S.C. § 101 as being directed to patent-ineligible subject matter is in error because the claims provide for a practical application in light of the Revised Guidance. These contentions present us with the following issue:

Under the USPTO’s Revised Guidance, informed by our governing case law concerning patent eligibility under 35 U.S.C. § 101, is claim 1 patent-ineligible under § 101?

Principles of Law

A. 35 U.S.C. § 101

An invention is patent-eligible if it is a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101.⁵ However, the Supreme Court has long interpreted 35 U.S.C. § 101 to include implicit exceptions: “[I]aws of nature, natural phenomena, and abstract ideas” are not patentable. *Mayo Collaborative Servs. v. Prometheus Labs.*,

⁵ This threshold analysis of whether a claim is directed to one of the four statutory categories of invention, i.e., a process, machine, manufacture, or composition of matter, is referred to as “*Step 1*” in the USPTO’s patent-eligibility analysis under § 101. MPEP § 2106.

Inc., 566 U.S. 66, 70 (2012) (brackets in original) (citing *Diamond v. Diehr*, 450 U.S. 175, 185 (1981)).

In determining whether a claim falls within an excluded category, we are guided by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Alice Corp. v. CLS Bank Int’l*, 573 U.S. 208, 217–18 (2014) (citing *Mayo*, 566 U.S. at 75–77). In accordance with that framework, we first determine what concept the claim is “directed to.” *See Alice*, 573 U.S. at 219 (“On their face, the claims before us are drawn to the concept of intermediated settlement, *i.e.*, the use of a third party to mitigate settlement risk.”); *see also Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“Claims 1 and 4 in petitioners’ application explain the basic concept of hedging, or protecting against risk . . .”).

Concepts determined to be abstract ideas, and thus patent ineligible, include certain methods of organizing human activity, such as fundamental economic practices (*Alice*, 573 U.S. at 219–20; *Bilski*, 561 U.S. at 611); mathematical formulas (*Parker v. Flook*, 437 U.S. 584, 594–95 (1978)); and mental processes (*Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)). Concepts determined to be patent eligible include physical and chemical processes, such as “molding rubber products” (*Diehr*, 450 U.S. at 191); “tanning, dyeing, making water-proof cloth, vulcanizing India rubber, smelting ores” (*id.* at 182 n.7 (quoting *Corning v. Burden*, 56 U.S. 252, 267–68 (1853))); and manufacturing flour (*Benson*, 409 U.S. at 69 (citing *Cochrane v. Deener*, 94 U.S. 780, 785 (1876))).

Abstract ideas may include, but are not limited to, fundamental economic practices, methods of organizing human activities, and mathematical formulas or relationships. *Alice*, 573 U.S. at 217–21. Under

this guidance, we must therefore ensure at step one that we articulate what the claims are directed to with enough specificity to ensure the step one inquiry is meaningful. *Id.* at 217 (“[W]e tread carefully in construing this exclusionary principle lest it swallow all of patent law.”).

Examples of claims that do not recite mental processes because they cannot be practically performed in the human mind include: (a) a claim to a method for calculating an absolute position of a GPS receiver and an absolute time of reception of satellite signals, where the claimed GPS receiver calculated pseudoranges that estimated the distance from the GPS receiver to a plurality of satellites, *SiRF Technology, Inc. v. International Trade Commission*, 601 F.3d 1319, 1331–33 (Fed. Cir. 2010); (b) a claim to detecting suspicious activity by using network monitors and analyzing network packets, *SRI Int’l, Inc. v. Cisco Systems, Inc.*, 930 F.3d 1295, 1304 (Fed. Cir. 2019); (c) a claim to a specific data encryption method for computer communication involving a several-step manipulation of data, *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1149 (Fed. Cir. 2016) (distinguishing *TQP Development, LLC v. Intuit Inc.*, 2014 WL 651935 (E.D. Tex. Feb. 19, 2014)) (the specific data encryption method “could not conceivably be performed in the human mind or with pencil and paper”). Whereas a claim limitation to a process that “can be performed in the human mind, or by a human using a pen and paper” qualifies as a mental process, a claim limitation that “could not, as a practical matter, be performed entirely in a human’s mind” (even if aided with pen and paper) would not qualify as a mental process.⁶

⁶ *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372, 1375–76 (Fed. Cir. 2011) (distinguishing *Research Corp. Techs. v. Microsoft*

In *Diehr*, the claim at issue recited a mathematical formula, but the Supreme Court held “[a] claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula.” *Diehr*, 450 U.S. at 187; *see also id.* at 191 (“We view respondents’ claims as nothing more than a process for molding rubber products and not as an attempt to patent a mathematical formula.”). Having said that, the Supreme Court also indicated that a claim “seeking patent protection for that formula in the abstract . . . is not accorded the protection of our patent laws, and this principle cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” *Id.* (citation omitted) (citing *Benson* and *Flook*); *see, e.g., id.* at 187 (“It is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.”).

If the claim is “directed to” an abstract idea, we turn to the second step of the *Alice* and *Mayo* framework, where “we must examine the elements of the claim to determine whether it contains an ““inventive concept”” sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 221 (citation omitted). “A claim that recites an abstract idea must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].”” *Id.* (alterations in original) (quoting *Mayo*, 566 U.S. at 77).

Corp., 627 F.3d 859 (Fed. Cir. 2010), and *SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319 (Fed. Cir. 2010)).

“[M]erely requir[ing] generic computer implementation[] fail[s] to transform that abstract idea into a patent-eligible invention.” *Id.*

B. USPTO Revised Guidance

The PTO published revised guidance in the Federal Register concerning the application of § 101. *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (hereinafter “Revised Guidance”) (<https://www.govinfo.gov/content/pkg/FR-2019-01-07/pdf/2018-28282.pdf>). “All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance.” *Id.* at 51; *see also* October 2019 Update at 1 (*October 2019 Update: Subject Matter Eligibility*) (hereinafter “October 2019 Update”).

Under the Revised Guidance, we first look to whether the claim recites:

(1) any judicial exceptions, including certain groupings of abstract ideas (i.e., mathematical concepts, certain methods of organizing human activity such as a fundamental economic practice, or mental processes);⁷ and

(2) additional elements that integrate the judicial exception into a practical application (*see* Manual for Patent Examining Procedure (“MPEP”) §§ 2106.05(a)–(c), (e)–(h)).⁸

See Revised Guidance 52–53.

⁷ Referred to as “*Revised Step 2A, Prong 1*” in the Revised Guidance (hereinafter “*Step 2A(i)*”).

⁸ Referred to as “*Revised Step 2A, Prong 2*” in the Revised Guidance (hereinafter “*Step 2A(ii)*”).

Only if a claim (1) recites a judicial exception and (2) does not integrate that exception into a practical application, do we then look to whether the claim:

(3) adds a specific limitation beyond the judicial exception that is not “well-understood, routine, conventional” in the field (*see* MPEP § 2106.05(d)); or

(4) simply appends well-understood, routine, conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception.⁹

See Revised Guidance 56.

Step 2A(i) – Abstract Idea

Informed by our judicial precedent, the Revised Guidance extracts and synthesizes key concepts identified by the courts as abstract ideas to explain that the abstract idea exception includes the following groupings of subject matter, when recited as such in a claim limitation:

(a) Mathematical concepts—mathematical relationships, mathematical formulas or equations, mathematical calculations;

(b) Certain methods of organizing human activity — fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions); and

(c) Mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion).

⁹ Items (3) and (4) continue to be collectively referred to as “*Step 2B*” of the Supreme Court’s two-step framework, described in *Mayo* and *Alice*.

Revised Guidance 52 (footnotes omitted).

Under the Revised Guidance, if the claim does not recite a judicial exception (a law of nature, natural phenomenon, or subject matter within the enumerated groupings of abstract ideas above), then the claim is patent-eligible at *Step 2A(i)*. This determination concludes the eligibility analysis, except in situations identified in the Revised Guidance.¹⁰

However, if the claim recites a judicial exception (i.e., an abstract idea enumerated above, a law of nature, or a natural phenomenon), the claim requires further analysis for a practical application of the judicial exception in *Step 2A(ii)*.

Step 2A(ii) – Practical Application

If a claim recites a judicial exception in *Step 2A(i)*, we determine whether the recited judicial exception is integrated into a practical application of that exception in *Step 2A(ii)* by: (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements, along with the limitations that recite a judicial exception, individually and in combination to determine whether they integrate the exception into a practical application.

¹⁰ In the rare circumstance in which an examiner believes a claim limitation that does not fall within the enumerated groupings of abstract ideas should nonetheless be treated as reciting an abstract idea, the procedure described in the Guidance for analyzing the claim should be followed. *See Revised Guidance, Section III.C.*

The seven identified “practical application” sections of the MPEP,¹¹ cited in the Revised Guidance under *Step 2A(ii)*, are:

- (1) MPEP § 2106.05(a) Improvements to the Functioning of a Computer or To Any Other Technology or Technical Field
- (2) MPEP § 2106.05(b) Particular Machine
- (3) MPEP § 2106.05(c) Particular Transformation
- (4) MPEP § 2106.05(e) Other Meaningful Limitations
- (5) MPEP § 2106.05(f) Mere Instructions To Apply An Exception
- (6) MPEP § 2106.05(g) Insignificant Extra-Solution Activity
- (7) MPEP § 2106.05(h) Field of Use and Technological Environment

See Revised Guidance 55.

If the recited judicial exception is integrated into a practical application as determined under one or more of the MPEP sections cited above, then the claim is not directed to the judicial exception, and the patent-eligibility inquiry ends. *See Revised Guidance 54.* If not, then analysis proceeds to *Step 2B*.

Step 2B – “Inventive Concept” or “Significantly More”

Under our reviewing courts’ precedent, it is possible that a claim that does not “integrate” a recited judicial exception under *Step 2A(ii)* is nonetheless patent eligible. For example, the claim may recite additional

¹¹ *See* MPEP § 2106.05(a)–(c), (e)–(h). Citations to the MPEP herein refer to revision [R-08.2017]. Sections 2106.05(a), (b), (c), and (e) are indicative of integration into a practical application, while § 2106.05(f), (g), and (h) relate to limitations that are not indicative of integration into a practical application.

elements that render the claim patent eligible even though one or more claim elements may recite a judicial exception.¹² The Federal Circuit has held claims eligible at the second step of the *Alice/Mayo* test (USPTO *Step 2B*) because the additional elements recited in the claims provided “significantly more” than the recited judicial exception (e.g., because the additional elements were unconventional in combination).¹³ Therefore, if a claim has been determined to be directed to a judicial exception under *Revised Step 2A*, we must also evaluate the additional elements individually and in combination under *Step 2B* to determine whether they provide an inventive concept (i.e., whether the additional elements amount to significantly more than the exception itself).¹⁴

Under the Revised Guidance, we must consider in *Step 2B* whether an additional element or combination of elements: (1) “Adds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present;” or (2) “simply appends well-understood, routine, conventional activities previously known to the industry, specified

¹² See, e.g., *Diehr*, 450 U.S. at 187.

¹³ See, e.g., *Amdocs, Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1300, 1304 (Fed. Cir. 2016); *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349–52 (Fed. Cir. 2016); *DDR Holdings v. Hotels.com, L.P.*, 773 F.3d 1245, 1257–59 (Fed. Cir. 2014).

¹⁴ The patent eligibility inquiry may contain underlying issues of fact. *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016). In particular, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018).

at a high level of generality, to the judicial exception, which is indicative that an inventive concept may not be present.” *See* Revised Guidance, Section III.B.¹⁵

In the *Step 2B* analysis, an additional element (or combination of elements) is not well-understood, routine or conventional unless the Examiner finds an evidentiary basis, and expressly supports a rejection in writing with, one or more of the following:

1. A citation to an express statement in the specification or to a statement made by an applicant during prosecution that demonstrates the well-understood, routine, conventional nature of the additional element(s). . . .
2. A citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s).
3. A citation to a publication that demonstrates the well-understood, routine, conventional nature of the additional element(s). . . .
4. A statement that the examiner is taking official notice of the well-understood, routine, conventional nature of the additional element(s). . . .

¹⁵ In accordance with existing *Step 2B* guidance, an Examiner’s finding that an additional element (or combination of elements) is well understood, routine, conventional activity must be supported with at least one of the four specific types of evidence required by the USPTO *Berkheimer* Memorandum, as shown above. For more information concerning evaluation of well-understood, routine, conventional activity, *see* MPEP § 2106.05(d), as modified by the USPTO *Berkheimer* Memorandum (USPTO Commissioner for Patents Memorandum dated Apr. 19, 2018, “Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*)” (hereinafter “*Berkheimer Memo*”).

See Berkheimer Memo 3–4.

If the Examiner or the Board determines under *Step 2B* that the element (or combination of elements) amounts to significantly more than the exception itself, the claim is eligible, thereby concluding the eligibility analysis.

However, if a determination is made that the element and combination of elements do not amount to significantly more than the exception itself, the claim is ineligible under *Step 2B*, and the claim should be rejected for lack of subject matter eligibility.

Analysis

Step 1 – Statutory Category

Claim 1, as a method (process) claim, recites one of the enumerated categories of eligible subject matter in 35 U.S.C. § 101. Therefore, the issue before us is whether it is directed to a judicial exception without significantly more.

Step 2A(i): Does the Claim Recite a Judicial Exception?

The Examiner determined that claim 1 is grouped within the “certain methods of organizing human activity” grouping of abstract ideas “because creating and verifying a financial credential for use in a transaction is a fundamental economic practice, commercial or legal interactions, managing personal behavior or relationships or interactions between people. Accordingly, the claims recite an abstract idea.” Final Act. 7.

We conclude claim 1 does not recite the judicial exceptions of either natural phenomena or laws of nature. We evaluate, *de novo*, whether claim 1 recites an abstract idea based upon the Revised Guidance.

First, we look to the Specification to provide context as to what the claimed invention is directed to. In this case, the Specification discloses that the invention is directed to solving problems of fraudulent activity associated with the use of a primary account number (PAN) by using payment tokens instead of the PAN. Spec. ¶¶ 4–6.

Appellant’s Abstract describes the invention:

Embodiments of the invention are directed to methods, apparatuses, computer readable media and systems for providing, along with a token, a token assurance level and data used to generate the token assurance level. At the time a token is issued, one or more Identification and Verification (ID&V) methods may be performed to ensure that the token is replacing a PAN that was legitimately used by a token requestor. A token assurance level may be assigned to a given token in light of the type of ID&V that is performed and the entity performing the ID&V. Different ID&Vs may result in different token assurance levels. An issuer may wish to know the level of assurance and the data used in generating the level of assurance associated with a token prior to authorizing a payment transaction that uses the token.

Spec. 72 (Abstract).

For purposes of our Decision, we assume the claims recite abstract ideas under *Step 2A(i)* under the “certain methods of organizing human activity” grouping of abstract ideas, i.e., “creating and verifying a financial credential for use in a transaction” as concluded by the Examiner, and we direct our analysis to the “practical application” aspects of the claims, i.e., *Step 2A(ii)*.

Step 2A(ii): Judicial Exception Integrated into a Practical Application?

If the claims recite a judicial exception, *as we assume above*, we proceed to the “practical application” *Step 2A(ii)* in which we determine whether the recited judicial exception is integrated into a practical

application of that exception by: (a) identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application.

With respect to this phase of the analysis, Appellant argues “the claims clearly provide for a ‘practical application’ [because] conventional systems that generate payment tokens do not assign ‘token assurance levels’ to payment tokens.” Appeal Br. 10. “As such, Appellants submit that this is an ‘application’ that is ‘practical,’ since embodiments of the invention improve upon the security and reliability of conventional payment transaction processing.” Appeal Br. 11.

With respect to Appellant’s argument that the claims are directed to improved security and reliability of payment transaction processing, and not exclusively to a financial transaction, Appellant further contends:

Appellant’s claim 1 recites performing an identification and verification (ID&V) process, determining a payment token, identifying a confidence level for the binding between the payment token and the PAN based on the ID&V process, and assigning a token assurance level to the payment token representing the confidence level. . . . Appellants’ claim 1 introduces the inventive concept of the token assurance level which is assigned to a given token in light of the type of ID&V that is performed. Different ID&Vs may result in different token assurance levels. For example, no or minimal ID&V performed by a non-trusted entity may result in a low token assurance level, while a detailed ID&V performed by a trusted entity would likely result in a high token assurance level. Accordingly, the level of assurance associated with a token depends on the ID& V method performed when the token is generated, and the entity that performed the ID& V method. An issuer may wish to know the level of assurance and the data

used in generating the level of assurance associated with a token prior to authorizing a payment transaction that uses the token. Thus, embodiments of the invention improve upon existing, conventional payment systems that use payment tokens to conduct payment transactions.

Appeal Br. 10.

In response, the Examiner states that the claims recite creating and verifying a financial transaction, which is an abstract idea in the “Certain Methods of Organizing Human Activity” grouping of abstract ideas, “because the claims involve creating and verifying a financial credential for use in a transaction.” Ans. 5. The Examiner further determined:

This judicial exception is not integrated into a practical application because, when analyzed under prong two of step 2A of the Alice/Mayo test . . . the additional elements of the claim such as a “computer”, “processor”, “non-transitory computer readable medium” and “issuer computer” merely serves as tools to perform the abstract idea and/or generally link the use of a judicial exception to a particular technological environment.

Ans. 5–6 (citation to Revised Guidance omitted).

Appellant responds by arguing “the token assurance level and data used in generating the token assurance level are not *financial credentials*. Rather, the token assurance level is a security feature that identifies a confidence level of the entity generating the token assurance level.” Reply Br. 3.

We disagree with the Examiner’s determination that the claims are directed to creating and verifying a financial transaction *per se*, because the Examiner omits analysis of the claim as a whole, but instead only focuses on the additional hardware elements recited in the claims.

The Revised Guidance requires Prong 2 analysis as follows:

In Prong Two, examiners should evaluate whether the claim as a whole integrates the recited judicial exception into a practical application of the exception. A claim that integrates a judicial exception into a practical application will apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception. When the exception is so integrated, then the claim is not directed to a judicial exception (Step 2A: NO) and is eligible. This concludes the eligibility analysis.

Revised Guidance 54.

As to the specific limitations, and in agreement with Appellant (*see* Reply Br. 4), we find the limitations “identifying a confidence level for a binding between the token and the primary account number based on the identification and verification process;” and “assigning a token assurance level representing the confidence level to the payment token based on the identification and verification process verifying the token requestor” integrate the assumed abstract idea of creating and verifying a financial credential for use in a transaction into a practical application as determined under at least one of the MPEP sections cited above.¹⁶ *See* Spec. ¶¶ 40, 41, 77–79, 103, 107.

Even if we assume that the claims recite abstract ideas as identified by the Examiner, we find Appellant’s argument persuasive that carrying out the above-identified steps provide improvements to the underlying technology or technical field, namely, token-based payment processing systems. *See*

¹⁶ *See, e.g.*, MPEP § 2106.05(a) “Improvements to the Functioning of a Computer or To Any Other Technology or Technical Field,” and § 2106.05(e) “Other Meaningful Limitations.”

MPEP § 2106.05(a) or, alternatively, § 2106.05(e) “Other Meaningful Limitations.” Accordingly, we conclude, when the claim is considered as a whole, the recited judicial exception is integrated into a practical application as determined under either MPEP sections 2106.06(a) or 2106.05(e) cited above, such that the claim is patent-eligible.

Because the claims are directed to a patent-eligible concept, this concludes the patent-eligibility inquiry.

Accordingly, based upon the findings and legal conclusions above, on this record and in consideration of the Revised Guidance, we are persuaded the claims are directed to patent-eligible subject matter, such that we do not sustain the § 101 rejection of claim 1, and grouped claims 3, 7–11, 13, and 16–19 which stand therewith. *See Claim Grouping, supra.*

2. § 112(a) Written Description Rejection R2: Claims 1, 3, 7–11, 13, and 16–19

Issue 2

Appellant argues (Appeal Br. 13–14; Reply Br. 6) the Examiner’s rejection of claim 1 under 35 U.S.C. § 112(a) as lacking written description support is in error. These contentions present us with the following issues:

Did the Examiner err in finding the following steps of method claim 1 lack written description support in the originally filed disclosure?

(a) determining, by the computer, an identification and verification process verifying the token requestor;

(b) performing, by the computer, the identification and verification process on the token requestor;

(c) identifying, by the computer, a confidence level for a binding between the token and the primary account number based on the identification and verification process; and

(d) assigning, by the computer, a token assurance level representing the confidence level to the payment token based on the identification and verification process verifying the token requestor.

Principles of Law

The test for compliance with the written description requirement is “whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.” *Ariad Pharm., Inc. v. Eli Lilly & Co.*, 598 F.3d 1336, 1351 (Fed. Cir. 2010) (*en banc*). “[T]he level of detail required to satisfy the written description requirement varies depending on the nature and scope of the claims and on the complexity and predictability of the relevant technology.” *Id.*; *cf. U.S. v. Telectronics, Inc.*, 857 F.2d 778, 785 (Fed. Cir. 1988) (“The test of *enablement* is whether one reasonably skilled in the art could make or use the invention from the disclosures in the patent coupled with information known in the art without undue experimentation.”).

Further, the Specification “need not describe the claimed subject matter in exactly the same terms as used in the claims.” *Eiselstein v. Frank*, 52 F.3d 1035, 1038 (Fed. Cir. 1995). “If . . . the specification contains a description of the claimed invention, albeit not *in ipsius verbis* (in the identical words), then the examiner . . . must provide reasons why one of ordinary skill in the art would not consider the description sufficient.” *In re Alton*, 76 F.3d 1168, 1175 (Fed. Cir. 1996).

Analysis

With respect to limitations (a) and (b), the Examiner finds the Specification discloses that an ID&V method is performed in paragraphs 79,

80, and 169, but asserts that these limitations, i.e., (a) “determining . . . an identification and verification process” and (b) “performing . . . the identification and verification process, are not detailed as separate limitations.” Ans. 9.¹⁷ See also Final Act. 13 (where the Examiner finds “[t]he specification does not detail separate steps of ‘determining . . . an identification and verification process verifying the token requestor’ and ‘performing . . . the identification and verification process on the token requestor,’” as recited in Appellant’s claims 1 and 11.).

Appellant contends these limitations are supported by the Specification at paragraphs 78, 79, 82–84, and 162, and details, with specificity, how limitations (a) and (b) are adequately supported by the original written description. Appeal Br. 13–14. We have reviewed these cited portions of the Specification, and we are persuaded by Appellant’s arguments which we incorporate herein by reference.

With respect to limitations (c) and (d), the Examiner finds the Specification does not detail “identifying . . . a confidence level”. The specification recites the token assurance level is an “*indicator or a value that allows the token service provider to indicate the confidence level*” [0042] and “*may be established with respect to the token to PAN binding*” and may be set when the token is issued [0038; 0041; 0042]. The specification does not detail a separate of “identifying . . . a confidence level . . . “. The token assurance level is determined based on the identification and verification process performed when the token is issued [0042; 0077; 0078].

¹⁷ The Examiner cites to *In re Katz Interactive Call Processing Patent Litigation*, 639 F.3d 1303, 1318 (Fed. Cir. 2011) in support of the written description Rejection R2. We note the portion of Katz cited by the Examiner relates to an indefiniteness rejection in that case, as pointed out by Appellant. See Reply Br. 6.

Final Act. 12.

In response, Appellant identifies paragraph 40 of the Specification as providing written description support, i.e., “[u]sing the ID&V, a confidence level may be established with respect to the token to PAN binding.”

Appeal Br. 14 (quoting Spec. ¶ 40). Paragraphs 40 and 41 of the Specification disclose:

An “identification and verification (ID&V) method” may be used to ensure that the payment token is replacing a PAN that was legitimately being used by the token requestor. Examples of ID&V methods may include, but are not limited to, an account verification message, a risk score based on assessment of the primary account number (PAN) and use of one time password by the issuer or its agent to verify the account holder. Exemplary ID&V methods may be performed using information such as a user signature, a password, an offline or online personal identification number (PIN), an offline or online enciphered PIN, a combination of offline PIN and signature, a combination of offline enciphered PIN and signature, user biometrics (e.g. voice recognition, fingerprint matching, etc.), a pattern, a glyph, knowledge-based challenge-responses, hardware tokens (multiple solution options), one time passwords (OTPs) with limited use, software tokens, two-channel authentication processes (e.g., via phone), etc. Using the ID&V, a confidence level may be established with respect to the token to PAN binding.

A “token assurance level” may refer to an indicator or a value that allows the token service provider to indicate the confidence level of the token to PAN binding. The token assurance level may be determined by the token service provider based on the type of identification and verification (ID&V) performed and the entity that performed the ID&V. The token assurance level may be set when issuing the token. The token assurance level may be updated if additional ID&V is performed.

Spec. ¶¶ 40–41.

We are persuaded by Appellant’s argument which points out with specificity the required written description support for the contested limitations (c) and (d).

Therefore, based upon the findings above, on this record, we are persuaded of error in the Examiner’s finding that limitations (a) through (d) do not have adequate written description support such that we do not sustain Rejection R2 of claims 1, 3, 7–11, 13, and 16–19.

3. § 103 Rejection R3 of Claims 1, 3, 7–11, 13, and 16–19

Issue 3

Appellant argues (Appeal Br. 15–20; Reply Br. 6–7) the Examiner’s rejection of claim 1 under 35 U.S.C. § 103 as being obvious over the combination of Flitcroft and Carlson is in error. These contentions present us with the following dispositive issue:

Did the Examiner err in finding the cited prior art combination teaches or suggests a method that includes, *inter alia*, the limitation of “assigning, by the computer, a token assurance level representing the confidence level to the payment token based on the identification and verification process verifying the token requestor,” as recited in claim 1? ¹⁸

¹⁸ Because we agree with at least one of the dispositive arguments advanced by Appellant, we need not reach the merits of Appellant’s other arguments. *See Beloit Corp. v. Valmet Oy*, 742 F.2d 1421, 1423 (Fed. Cir. 1984) (finding an administrative agency is at liberty to reach a decision based on “a single dispositive issue”).

Analysis

The Examiner finds that Flitcroft teaches or suggests the disputed limitation. Final Act. 14 (citing Flitcroft ¶¶ 210, 232, 233, 235).

In response, Appellant generally contends “[t]he cited references are entirely silent about a token assurance level, as recited in Appellant’s claims.” Appeal Br. 16. Appellant specifically argues:

The cited sections of Flitcroft are directed to limited use credit cards (e.g. credit cards whose use is subject to “[...]limitations”). If the Examiner is of the opinion that the claimed token assurance level reads on Flitcroft’s limitations, Appellants note that Flitcroft’s limitations are not determined based on identification and verification process verifying the token requestor. Flitcroft at ¶ [0101] and [0187] explains how the limitations are determined. Nowhere does Flitcroft teach or suggest identifying a confidence level for a binding between the token and the primary account number based on the identification and verification process, and assigning a token assurance level representing the confidence level to the payment token based on the identification and verification process verifying the token requestor.

Appeal Br. 16–17.

Flitcroft discloses:

With the above system, the software responsible for substituting the master account number for the limited use number can also process additional features unique to limited use numbers. These features include transaction value limitations, merchant type restrictions and geographical limitations. If the transaction exceeds the limitations placed on the limited use card then authorization is denied and the master credit card need not be passed on for further processing. In the case of a transaction falling within the limitations of a limited use card, then the transaction details are passed on with the master account number for conventional validation. In this way

the restrictions in place for the master account (e.g., available balance, expiry date) are checked for each limited use transaction.

Flitcroft ¶ 187

We have reviewed the portions of Flitcroft cited by the Examiner, i.e., paragraphs 210, 232, 233, and 235, and the portions of Flitcroft cited by Appellant, i.e., paragraphs 101 and 187, and we see no teaching or suggestion in Flitcroft of “a token assurance level representing the confidence level to the payment token based on the identification and verification process verifying the token requestor,” as recited in claim 1. Instead, Flitcroft teaches parameters for establishing limitations on the use of a credit card.

As reiterated by Appellant,

Flitcroft's limitations are not determined based on identification and verification process verifying the token requestor. . . . Flitcroft at ¶ [0101] and [0187] explains how the limitations are determined. Nowhere does Flitcroft teach or suggest identifying a confidence level for a binding between the token and the primary account number based on the identification and verification process, and assigning a token assurance level representing the confidence level to the payment token based on the identification and verification process verifying the token requestor.

Reply Br. 7.

Based upon the findings above, on this record, we are not persuaded of error in the Examiner's reliance on the cited prior art combination to teach or suggest the disputed limitation of claim 1, nor do we find error in the Examiner's resulting legal conclusion of obviousness. Therefore, we sustain the Examiner's obviousness rejection of independent claim 1, and independent claim 11, which recites the dispositive limitation in

commensurate form. For the same reasons, we do not sustain Rejection R3 of dependent claims 3, 7–10, 13, and 16–19 that stand with claims 1 or 11.

CONCLUSIONS

(1) Under our Revised Guidance, governed by relevant case law, claims 1, 3, 7–11, 13, and 16–19 are not patent-ineligible under 35 U.S.C. § 101, and we do not sustain the rejection.

(2) The Examiner erred with respect to written description Rejection R2 of claims 1, 3, 7–11, 13, and 16–19 under 35 U.S.C. § 112(a), and we do not sustain the rejection.

(3) The Examiner erred with respect to obviousness Rejection R3 of claims 1, 3, 7–11, 13, and 16–19 under 35 U.S.C. § 103(a) over the cited prior art combination of record, and we do not sustain the rejection.

DECISION SUMMARY

Claims Rejected	35 U.S.C. §	Basis / References	Affirmed	Reversed
1, 3, 7–11, 13, 16–19	101	Subject Matter Eligibility		1, 3, 7–11, 13, 16–19
1, 3, 7–11, 13, 16–19	112(a)	Written Description		1, 3, 7–11, 13, 16–19
1, 3, 7–11, 13, 16–19	103	Obviousness Flitcroft, Carlson		1, 3, 7–11, 13, 16–19
Overall Outcome				1, 3, 7–11, 13, 16–19

REVERSED